The Law Foundation of Ontario

1990 Annual Report

91-06313/

Introduction

The Law Foundation of Ontario was established in 1973, under an amendment to the Law Society Act, as a corporation without share capital to receive the interest earned on lawyers' mixed trust accounts.

Under section 57(1) of the Law Society Act, every lawyer who holds money in trust for or on account of more than one client in a mixed trust account must direct his banker to calculate the interest earned by that account and pay it to the Foundation. Specifically excluded from the effect of the legislation is any arrangement in writing between a lawyer and a client for whom the lawyer holds money in trust as to the disposition of the interest accruing thereon.

A major contribution (at least 75% of the interest, net of administrative costs) is made annually to the Ontario Legal Aid Fund established under the Legal Aid Act.

The objects of the Foundation are to establish and maintain a fund to be used for legal education, legal research, legal aid and the establishment, maintenance and operation of law libraries.

Individuals or groups wishing to apply for a grant from the Foundation should communicate with:

The Secretary,
The Law Foundation of Ontario,
Suite 207,
204 Richmond Street West,
Toronto, Ontario,
M5V 1V6.

Tel: (416) 598-1550
Fax: (416) 598-1526

Applications are reviewed by our Special Adviser, Arthur Stone, Q.C., before being brought before the Board of Trustees, which meets at frequent intervals throughout the year.

The Trustees of the Foundation during 1990 were:
Appointed by the Attorney General for Ontario:
H. Donald Guthrie, Q.C. — Chairman
Blenus Wright, Q.C.
Appointed by the Law Society of Upper Canada:
P.B.C. Pepper, Q.C.
Donald H.L. Lamont, Q.C., L.S.M.
Roger D. Yachetti, Q.C.
The other officers of the Foundation are:
David E. Crack, C.A. — Treasurer
Doreen Z. Howe — Secretary
Ernst & Young are the auditors and the fiscal and reporting year of the Foundation is the calendar year.

REPORT OF THE LAW FOUNDATION OF ONTARIO FOR THE YEAR 1990

During 1990, revenue from interest on lawyer's mixed trust accounts increased by approximately 5% from $45,569,646 in 1989 to $47,787,752, a smaller increase when compared to the upward trend in recent years. There had been concern that the combination of the recession and falling interest rates would result in a reduction of the Foundation's income in 1990. However, interest rates started to decline only in December 1990 and the effect is, therefore, not reflected in 1990 income.

The full effect of the recession is now being seen and the potential exists for a substantial decrease in the Foundation's income during 1991. To lessen the impact of this, the Trustees will continue to negotiate with the chartered banks and trust companies for the best possible return from the profession's mixed trust accounts.

The Ontario Legal Aid Fund was paid $35,547,902 in 1990, an increase of 5% over 1989. The amount to be paid to the Fund is also likely to decrease in the coming year.

During 1990 grants totalling $8,175,080 were authorized to 50 individual applicants and organizations.

In light of the concern about future income, the Trustees felt if prudent to allocate a further $5,000,000 to the reserve account which, together with interest income of $1,196,788, increased the account to $16,545,124 at the year end.

Blenus Wright, Q.C., who has been a member of the Board of Trustees since 1975, was appointed to the Ontario Court of Justice (General Division) effective 22nd March, 1991, and has resigned as a Trustee. He has made an exceptional contribution to the work of the Foundation and we congratulate him on his appointment.

H. Donald Guthrie, Q.C.,
Chairman.

Grants Authorized during 1990

GEORGE ADAMS — $ 9,000
Grant toward the preparation of a 2nd edition of "Canadian Labour Law" to be published by Canadian Law Book. The lst edition was also assisted by the Foundation.

ADVOCACY RESOURCE CENTRE FOR THE HANDICAPPED — $ 44,340
(ARCH) — A one-time grant to assist the Centre in cataloguing and computerizing its library in order to make it accessible to lawyers or other libraries. The library includes periodicals, articles, government reports etc. relating to the law and problems that arise in respect of the handicapped.

GORDON BOURGARD AND ROBERT McMECHAN — $ 7,000
Grant to assist in the preparation of a book on Tax Court Practice to be published by Carswells. The Tax Court has new extended jurisdiction transferred from the Federal Court. The authors plan to follow up this work with a revised edition which will collect the first substantial experience with goods and services tax hearings.

ALAN BRYANT — $ 8,000
Grant toward the preparation of the 23rd edition of Evidence in Civil Cases to be published by Butterworths. Alan Bryant's co-authors are Mr. Justice Sopinka and Sidney Lederman and the publication is being expanded to include Criminal Evidence.

CANADIAN ARBITRATION, CONCILIATION AND AMICABLE COMPOSITION CENTRE INC. — $ 5,000
Grant toward the costs of the 10th Inter-American Conference on International Commercial Arbitration which was held at the University of Ottawa from October 31st to November 1st, 1990, under the auspices of a number of Inter-American and International commercial law organizations, including the Canadian Bar Association and the Faculty of Law, University of Ottawa.

CANADIAN BAR ASSOCIATION, ONTARIO — JOINT COMMITTEE ON COURT REFORM — $100,000
Grant toward the operational costs of the Committee's Case Management Project.

CANADIAN BAR ASSOCIATION — ONTARIO — $ 5,750
Grant toward the costs of the Association's Archives Program. A Committee has been formed to develop the archives of the Association, which was established in 1915.

CANADIAN BAR ASSOCIATION — ONTARIO — $ 42,165
Grant toward the costs of the Speakers Bureau, Phone-a-Lawyer Program and Gale Cup Moot Competition held on the Association's Law Day.

CANADIAN BAR FOUNDATION — $ 42,071
Grant to assist with the costs of publishing the "Canadian Bar Review" in 1990.

CANADIAN INSTITUTE FOR THE ADMINISTRATION OF JUSTICE — $ 17,500 or the deficit
Grant to assist with the costs of a National Seminar on Health Care, Ethics and the Law which which was held in Toronto on October 10th to 13th, 1990.

CANADIAN JOURNAL OF FAMILY LAW — $ 5,500
Grant toward the production costs of this Journal.

CANADIAN JOURNAL OF WOMEN AND THE LAW — $ 14,610
Grant toward the costs of obtaining equipment for desk-top publishing of the Journal.

CANADIAN LAW TEACHING CLINIC — $ 2,000
Grant toward the expenses of the 11th Annual Clinic, which was held in Victoria, B.C. on May 26th to June 3rd, 1990.

CANADIAN RED CROSS — $ 5,000
Grant to assist with the costs of a Seminar on International Humanitarian Law to be held at the University of Ottawa in May 1991.

CARLETON UNIVERSITY — $ 37,350
Department of Law
Grant toward the costs of operating the Resource Centre (Library).

CENTRE FOR EQUALITY RIGHTS IN ACCOMMODATION — $ 4,000
A one-time grant for the acquisition of textbooks on the subject of rights and subscriptions to journals and reports for the Centre's library.

CENTRE FOR SPANISH SPEAKING PEOPLE — $ 5,000
One-time grant toward the maintenance of the law library at this clinic.

GRAHAM CLARKE — $ 6,100
Grant to assist in the preparation of an annotated Canada Labour Code to be published by Canada Law Book. The work will be a loose-leaf service with up-dates twice yearly.

MICHAEL COCHRANE — $ 1,600
Grant to assist with the costs of preparation of a book on "Family Law in Ontario for Lay People" to be published by Prentice-Hall of Canada.

COMMUNITY LEGAL SERVICES INC. — $ 5,115
One-time grant toward the costs of maintaining the law library at this clinic.

DICTIONARY OF CANADIAN BIOGRAPHY — $150,000
Grant toward operating costs for 1990-94.
The Dictionary is a project which began at the University of Toronto in 1959 as a national, historical and comprehensive collection of the lives and times of individuals who have contributed to the country's development. There is necessarily a significant role assigned to legal personalities because of the dominance of law and politics in Canadian history.

DIRECTION FILMS — $ 10,000
Grant to assist with the production costs of two one-hour films on "The Unfinished Agenda: Aboriginal Rights in Canada" and "Glorious and Free" a look at socio-economic conditions of Indians and their relationship to the existing justice system.

PETER ENGELMANN, MICHAEL GOTTHEIL AND MICHAEL LYNK — $ 10,000
Grant to assist with the costs of preparing a book on "The Law of Union Democracy in Canada" to be published by Canada Law Book.

FOUNDATION FOR LEGAL RESEARCH — $ 3,000
Contribution to the Capital Fund of this Foundation.

NORMAN A. KEITH — $ 5,000
Grant to assist with the costs of updating a texbook on "Occupational Health & Safety" to be published by Canada Law Book.

KINGSTON COMMUNITY LEGAL CLINIC — $ 5,500
One-time grant towards the maintenance of the law library at this clinic.

LAW SCHOOLS:
Comprehensive Grants for 1990/91 academic year to be used for legal eduation, legal research and law libraries:

Osgoode Hall Law School	$612,000
University of Toronto Law School	500,000
University of Ottawa Law School	500,000
Queen's University Law School	500,000
University of Windsor Law School	500,000
University of Western Ontario Law School	500,000

THE LAW SOCIETY OF UPPER CANADA

Legal Education:	Actual deficit
Administration and operation of the Bar Admission Course	to a maximum of $650,000
Bar Admission Course Reform	$711,782 or the actual deficit
Articling Reform	$ 59,500 one-time only
Libraries & Reporting:	
County & District Law Libraries:	
Operating	$860,000
Equipment	$127,500
Great Library	$ 44,500
Communications:	
Contribution toward the costs of advertising and promotion of Dial-a-Law service and to defray increased Inwats charges resulting from service outside Toronto.	$257,500
Heritage:	
Regular	$105,000
Special	$100,000
French Language Services:	
Legal Education —Provision of Bar Admission Course Lecture materials in French	$300,000

HOWARD A LEVITT — $ 8,000

Grant toward the costs of preparing a new edition of "The Law of Dismissal in Canada" to be published by Canada Law Book.

METROPOLITAN TORONTO SPECIAL COMMITTEE ON CHILD ABUSE — $ 37,500

Grant to assist in the preparation of a Court Orientation Kit for Child Abuse Witnesses.

MINISTRY OF THE ATTORNEY GENERAL — CLASS PROCEEDINGS FUND — $500,000

Under the CLASS PROCEEDINGS ACT, the Law Foundation is to establish and maintain a Fund to which applications could be made by class action plaintiffs for disbursements and witness expenses, but not legal fees, and to which defendants would have access if awarded costs at the end of a class action proceedings which had been supported by the Fund. Within 60 days after the Act comes into force the Fund will be endowed with $300,000 and within one year thereafter the Fund will be endowed with the remaining $200,000.

MUSKOKA LEGAL CLINIC — $ 5,000

One-time grant toward the establishment of a law library at this clinic.

NATIONAL ASSOCIATION OF WOMEN AND THE LAW — $ 5,000

Grant toward the costs of a Conference on "The Feminization of Poverty" to be held in Toronto on February 22nd-24th, 1991.

ONTARIO ASSOCIATION FOR COMMUNITY LIVING — $ 12,000

Grant to assist in the preparation of a third work on "Sexuality, Developmental Handicap, and the Law".

OSGOODE SOCIETY — $143,200

Grant to support the activities of the Society during 1990. The Society carries out research into and publication of historical and biographical material in the field of law.

MARY-JO RAYCROFT — $ 2,000

Grant toward the costs of preparing a thesis on Child Sexual Abuse in Custody and Acess Disputes, which is to be published as a book by Carswells.

JAMES O'REILLY — $ 2,800

Grant toward the preparation of a book on "Prisoners' Rights in Canadian Law" to be published by Wall & Thompson.

STEPHEN SPETZ — $ 1,500
Grant to assist in the publication of "Decisis" a law journal, published monthly in the school year, that highlights current legal cases with analyses and comment for the purpose of stimulating thought among high school students who are taking law courses. The journals are widely used by teachers and boards of education.

RUTH SULLIVAN — $ 7,000
Grant to assist in the preparation of a new edition of Driedger's "Construction of Statutes" to be published by Butterworths.

JOHN SYRTASH — $ 10,000
Grant to assist with the costs of preparing a book on "The Role of Religion in Canadian Family Law" to be published by Butterworths.

GREGORY TARDI — $ 9,500
Grant toward the preparation of a book on "Practical Law" to be published by Canada Law Book.

UNIVERSITY OF CALGARY — $ 15,000
Grant toward the costs of an International Human Rights Conference which was held in Calgary from November 9th to November 12th, 1990.

UNIVERSITY OF GUELPH,
SCHOOL OF RURAL PLANNING & DEVELOPMENT — $ 6,000
Grant toward the costs of the revision of a Casebook on Planning Law developed by John Willms who teaches Land Use Planning as part of the University's graduate course in four programs, i.e. Municipal Land Planning, Resources Management Planning, Rural Development Planning and International Rural Development Planning.

UNIVERSITY OF SASKATCHEWAN
NATIVE LAW CENTRE — $ 22,000
Grant toward operating costs. The principal activities of the Centre are to conduct summer courses to assist native students to qualify for entrance to law schools across Canada and to develop a body of publications specializing in native issues and native law.

UNIVERSITY OF TORONTO, FACULTY OF LAW — $15,297.39
Grant to be applied to the Endowment Fund for the Albert Abel Professorship in Law. In 1989 this amount was returned to the Foundation as being the surplus remaining from a previous grant awarded to assist a study group formed by the late Professor Abel.

UNIVERSITY OF TORONTO,
CENTRE OF CRIMINOLOGY LIBRARY $ 12,900
A grant for one year toward the costs of developing the library's collection, maintaining periodical subscriptions, obtaining acess to the United Nations Criminal Justice Network and Database and accessing the University's automated circulation system.

UNIVERSITY OF WESTERN ONTARIO, Faculty of Law — $450,000 over five years
Grant towards the cost of the expansion of the Law Library at this University. This is in addition to the grant of $200,000 authorized in 1987.

JEFFERY WILSON $ 10,000
Grant to assist in the preparation of a third edition of a textbook entitled "Children and the Law" to be published by Butterworths.

YORK UNIVERSITY, Centre for Research $ 12,000
on Public Law & Public Policy.
Grant to assist with the costs of a Conference on Aboriginal Self-Government which was held in October 1990.

PROFESSOR JACOB S. ZIEGEL $ 10,000
Grant towards the cost of holding the 20th Annual Workshop on Consumer & Commercial Law which was held on October 12th to 13th, 1990, at the University of Toronto.

FINANCIAL STATEMENTS

THE LAW FOUNDATION OF ONTARIO

December 31, 1990

ERNST & YOUNG

AUDITORS' REPORT

To the Trustees of
The Law Foundation of Ontario

We have audited the balance sheet of **The Law Foundation of Ontario** as at December 31, 1990 and the statement of revenue, expenses, grants and unallocated revenue for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Ernst + Young

Toronto, Canada,
March 18, 1991.

Chartered Accountants

The Law Foundation of Ontario
Incorporated without share capital under the Law Society Act

BALANCE SHEET

As at December 31

	1990 $	1989 $
ASSETS		
Current		
Cash	1,330,199	497,113
Short-term investments	10,388,625	12,581,210
Marketable securities, at amortized cost [market value $13,884,000; 1989 - $6,104,000]	13,800,374	6,197,657
Accrued interest receivable	446,349	320,581
Total current assets	25,965,547	19,596,561
Fixed		
Furniture and fixtures	19,646	18,655
Computer equipment	72,367	72,367
Less accumulated depreciation	53,054	36,967
	38,959	54,055
Leasehold improvements, net of accumulated amortization	—	975
Total fixed assets	38,959	55,030
	26,004,506	19,651,591
LIABILITIES AND FUND BALANCE		
Liabilities		
Accrued charges	60,579	83,887
Due to Legal Aid Fund *[note 2]*	1,021,902	1,020,602
Grants authorized for future payment *[note 3]*	5,504,055	5,783,434
Total liabilities	6,586,536	6,887,923
Fund balance		
Reserve account *[note 4]*	16,545,124	10,348,336
Unallocated revenue	2,872,846	2,415,332
Total fund balance	19,417,970	12,763,668
	26,004,506	19,651,591

See accompanying notes

The Law Foundation of Ontario

STATEMENT OF REVENUE, EXPENSES, GRANTS AND UNALLOCATED REVENUE

Year ended December 31

	1990 $	1989 $
REVENUE		
Interest on lawyers' mixed trust accounts	47,787,752	45,569,646
Other interest	2,888,707	1,840,953
Bond discount amortization	17,165	10,602
	50,693,624	47,421,201
EXPENSES		
Salaries	251,116	226,237
Legal and audit fees	15,073	19,998
Rent	29,368	29,851
Printing and office supplies	38,491	24,857
Other administrative	39,440	24,016
Depreciation and amortization	17,062	17,218
	390,550	342,177
Excess of revenue over expenses before the following	50,303,074	47,079,024
Allocation to Legal Aid Fund *[note 2]*	35,547,902	33,920,602
Grants authorized, net of reversal of grants authorized in prior years *[note 3]*	8,100,870	8,415,354
	43,648,772	42,335,956
Excess of revenue over expenses and grants for the year	6,654,302	4,743,068
Unallocated revenue, beginning of year	2,415,332	1,379,128
Allocation to reserve account *[note 4]*	6,196,788	3,706,864
Unallocated revenue, end of year	2,872,846	2,415,332

The Law Foundation of Ontario

NOTES TO FINANCIAL STATEMENTS

December 31, 1990

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Law Foundation of Ontario [the "Foundation"] follows the generally accepted accounting principles of The Canadian Institute of Chartered Accountants for non-profit organizations.

The interest earned on lawyers' mixed trust accounts is calculated and remitted to the Foundation based on agreements made with individual financial institutions. The lawyers' mixed trust accounts are not the property of, nor administered by, the Foundation. The Foundation is therefore unable to determine the amount of interest that is accruing until such time as it is advised by each individual financial institution and statutory filings are received from the lawyers. Such interest is recorded when the Foundation is advised by the individual financial institution of interest earned.

Grants for legal education, legal aid, legal research and law libraries are recorded in the year for which they are authorized.

The Trustees of the Foundation periodically at their discretion allocate amounts from the unallocated revenue to the reserve account. Such amounts earn investment income which is also allocated to the reserve account and may be used for future grants.

Marketable securities are recorded at cost, net of applicable bond premium or discount amortization. Bond premiums and discounts are amortized on a straight-line basis over the period to maturity.

Fixed assets are carried at cost less accumulated depreciation and amortization. Furniture and fixtures are depreciated on a declining balance basis at a rate of 20%. Computer equipment is depreciated on a straight-line basis over its estimated useful life of five years. Leasehold improvements are amortized on a straight-line basis over the remaining term of the lease.

NOTES TO FINANCIAL STATEMENTS

December 31, 1990

2. LEGAL AID FUND

Pursuant to Section 55(3) of the Law Society Act [R.S.O. 1980, chapter 233], not less than 75% of the net revenue received in the year from interest received on lawyers' mixed trust accounts, less operating expenses is to be paid to the Legal Aid Fund. Provision for the share of net revenue payable to the Legal Aid Fund is recorded annually in the Foundation's accounts.

	1990 $	1989 $
Interest on lawyers' mixed trust accounts	47,787,752	45,569,646
Expenses	(390,550)	(342,177)
	47,397,202	45,227,469
75% allocation to Legal Aid Fund	35,547,902	33,920,602
Paid to Legal Aid Fund during the year	34,526,000	32,900,000
Due to Legal Aid Fund	1,021,902	1,020,602

3. GRANTS AUTHORIZED

	1990 $
Grants authorized for future payment, beginning of year	5,783,434
Grants authorized	8,175,000
Reversal of grants authorized in prior years	(74,210)
Grants paid	(8,380,249)
Grants authorized for future payment, end of year	5,504,055

Grants authorized for future payment as at year end include $650,000 [1989 - $650,000], the maximum which may become payable to The Law Society of Upper Canada in respect of the deficit of the Bar Admission course for the year ending June 30, 1991.

An amount of $51,815 is recoverable from The Law Society of Upper Canada for grants paid to it in excess of funds utilized.

NOTES TO FINANCIAL STATEMENTS

December 31, 1990

4. RESERVE ACCOUNT

	1990 $	1989 $
Reserve account, beginning of year	**10,348,336**	6,641,472
Interest earned on reserve account investments	**1,196,788**	706,864
Transferred from unallocated revenue	**5,000,000**	3,000,000
	6,196,788	3,706,864
Reserve account, end of year	**16,545,124**	10,348,336

5. STATEMENT OF CHANGES IN FINANCIAL POSITION

A statement of changes in financial position has not been presented as the information is disclosed elsewhere in the financial statements.